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FOR ACTION

ADMINISTRATIVE AND PROGRAMME SUPPORT BUDGET: BASELINE BUDGET ESTIMATES FOR THE BIENNIUM 1996-1997

SUMMARY

At its first regular session of 1995, from 1-3 and 6 February, the Executive Board decided that the secretariat should suspend the normal internal process of the 1996-1997 budget process and submit a budget for the period 1996-1997 using the 1994-1995 budget as a baseline (decision 1995/6). The baseline budget does not contain any proposals for the net addition or upgrading of core and project posts charged to the administrative and programme support budget. The present proposal also contains the change in procedure approved by the Executive Board in its decision 1994/R.3/5 (E/ICEF/1994/13) for charging the cost of 6 per cent recovery posts at headquarters locations to the administrative and programme support budget and the 3 per cent recovery charge from supplementary-funded projects to be applied against the total general operating costs in field locations. The Executive Director is presenting in this document the baseline budget for the 1996-1997 biennium in the total amount of $431.4 million.

As mentioned in document E/ICEF/1995/AB/L.3 and Corr.1, the secretariat is making this proposal on the understanding that it could submit revisions of the 1996-1997 baseline budget to the Executive Board as necessary during 1995, 1996 and 1997. These revisions will contain proposals for restructuring and process changes from recommendations in the management study proposals and a proposal for the establishment of a regional office for Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States to be approved by the Executive Board. The financial implications related to this regional office, including the establishment of new posts, will be additional to the 1996-1997 baseline budget figures mentioned above.

* E/ICEF/1995/13.

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I. BASELINE BUDGET ESTIMATES FOR THE BIENNIUM 1996-1997

1. The Executive Board approved a budget of $431.4 million for the biennium 1994-1995 by decision 1993/20 (E/ICEF/1993/14) at its annual session (26 April-7 May 1993) under the following categories:

		(In thousands of United States dollars)
Category 1 (a)	Staff costs: international core posts	141.2
Category 1 (b)	Staff costs: local core posts	114.4
Category 2 (a)	General operating costs: headquarters	88.9
Category 2 (b)	General operating costs: field	75.8
Category 3	Packing and assembly costs	11.1
	Total expenditures	431.4

2. The baseline budget estimates for the biennium 1996-1997 comprise an amount of $431.4 million to finance existing core posts and associated general operating costs. This proposal also contains the change in procedure approved by the Executive Board (E/ICEF/1994/13, decision 1994/R.3/5) for charging the cost of 6 per cent recovery posts (at headquarters locations) to the administrative and programme support budget and the application of a 3 per cent recovery charge from supplementary-funded projects to be applied against the total general operating costs in field locations. This baseline budget is within the framework of financial projections as shown in table 7 of the medium-term plan for the period 1994-1997 (E/ICEF/1994/3 and Corr.1).

3. This baseline budget for 1996-1997 does not contain any proposal for net additional increases in posts or upgradings of posts charged to the administrative and programme support budget. Thus, the proposal does not contain any increases for volume changes for the existing core structures in the organization. The baseline estimates were derived by costing out the price of existing core and project posts and temporary staff charged to the administrative and programme support budget using current salary scales and allowances and allowing for other mandatory increases such as within-grade increments and salary increases. For all general operating costs, the base of 1994-1995 has been reduced to keep within the total overall estimates of the 1994-1995 approved budget of $431.4 million. The only no cost adjustment is the declaration that one General Service post of accounts assistant at New York headquarters (funds-in-trust) had been excluded erroneously from the total count of recovery posts presented in document E/ICEF/1993/AB/L.1, annex XV.

4. Comparison of the 1996-1997 baseline budget with the approved 1994-1995 budget estimates (see annex I) will yield the following estimated increases/decreases within the categories:

Table 1

CHANGES BETWEEN THE 1994-1995 APPROVED BUDGET AND THE 1996-1997 BASELINE BUDGET

(In thousands of United States dollars)

Costs	Approved 1994-1995	Changes Increase/(decrease)		Total changes		Change in recovery procedure	Total 1996-1997
		Mandatory	Volume	Amount	%		
1. Staff costs							
(a) International	141 159	5 418		5 418	3.8	13 259	159 836
(b) Local	114 408	9 975	(528)	9 447	8.3	11 355	135 210
Total	255 567	15 393	(528)	14 865	5.8	24 614	295 046
2. General operating costs							
(a) Headquarters	88 916		(7 799)	(7 799)	(8.8)	1 103	82 220
(b) Field	75 806	3 608	(8 791)	(5 183)	(6.8)	(27 600)	43 023
Total	164 722	3 608	(16 590)	(12 982)	(7.9)	(26 497)	125 243
3. Packing and assembly costs	11 074	0	0	0	0.0	0	11 074
Total costs	431 363	19 001	(17 118)	1 883	0.4	(1 883)	431 363

5. The necessary revisions to the baseline budget will be submitted to the Executive Board during the remainder of 1995 and in 1996 and 1997. These revisions would include the changes for implementation of the management study proposals, any other extraordinary increases and proposals for a regional office for Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States.

II. REGIONAL OFFICE FOR CENTRAL AND EASTERN EUROPE, THE COMMONWEALTH OF INDEPENDENT STATES AND THE BALTIC STATES

6. As mandated by decision 1994/R.2/9, paragraph 3 (E/ICEF/1994/13) with respect to the UNICEF policy for Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States, the Executive Board:

> "... requests the Executive Director to include in the proposed 1996-1997 administrative and programme support budget, the global funds budgets and country programme proposals, as appropriate, to be discussed in 1995, proposals for regional and country support for these countries."

7. A separate budget proposal for the regional office will be submitted when a decision on its location is taken. The financial implications related to this regional office, including the establishment of new posts, will be additional to the 1996-1997 baseline budget figures mentioned above.

III. DRAFT RESOLUTION

8. The Executive Director recommends that the Executive Board approve the following draft resolution:

The Executive Board

1. Resolves:

(a) That the baseline budget for the biennium 1996-1997 is approved as follows:

		$	
Category 1 (a)	Staff costs: international	159 836 000	
Category 1 (b)	Staff costs: local	135 210 000	
Category 2 (a)	General operating costs: headquarters	82 220 000	
Category 2 (b)	General operating costs: field	43 023 000	a/
Category 3	Packing and assembly costs	11 074 000	
	Total expenditures	431 363 000	

(b) That for the biennium 1996-1997, a commitment of $431,363,000 for the budget is approved;

(c) That the Executive Director be authorized to administer in the most efficient and effective manner the provisions under each of categories 1 (a), 1 (b), 2 (a), 2 (b) and 3. The Executive Director may, without further authorization of the Executive Board, transfer, if necessary, into any one of categories 1 (a), 1 (b), 2 (a) and 2 (b), an amount not exceeding 5 per cent from these same categories. In addition to the 5 per cent transfer authority with regard to category 2 (b), the Executive Director may revise the recovery amount from supplementary-funded projects upward or downward in line with actual supplementary-funded programme expenditures for a given budget year. The amount in category 3 may also be revised upward or downward in line with the volume of the throughput and reported to the Executive Board. Transfers in excess of the 5 per cent mentioned above may be made with the prior concurrence of the Executive Board. In exceptional cases, this consultation may be made by mail poll;

2. Further approves that the necessary budget revisions to this baseline proposal will be submitted for the approval of the Executive Board during the remainder of 1995 and in 1996 and 1997 during implementation of the management study recommendations.

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a/ $70,623,000 less $27,600,000 recovery.

Annex I

PROPOSED 1996-1997 BASELINE BUDGET SHOWING COSTS BY CATEGORY OF EXPENDITURE

(In thousands of United States dollars)

Costs	Approved 1994-1995	Changes Increase/(decrease)		Total changes		Change in recovery procedure	Total 1996-1997
		Mandatory	Volume	Amount	%		
1. Staff costs							
International staff costs	135,509	5,418		5,418	4.0	12,955	153,882
Local staff costs	98,440	9,975		9,975	10.1	11,355	119,770
Temporary assistance and overtime	15,968		(528)	(528)	(3.3)		15,440
Staff training	5,650			0	0.0	304	5,954
Total, Staff costs	255,567	15,393	(528)	14,865	5.8	24,614	295,046
2. General operating costs							
Travel on official business	17,962		(457)	(457)	(2.5)	1,103	18,608
Telex/fax and other communication	23,510		(2,600)	(2,600)	(11.1)		20,910
Rental and maintenance of premises	45,388		(2,514)	(2,514)	(5.5)		42,874
Rent and maintenance of furniture, equipment and vehicle	20,475		(2,479)	(2,479)	(12.1)		17,996
Acquisition of furniture and equipment	16,886		(2,384)	(2,384)	(14.1)		14,502
Office supplies and services	19,133		(2,682)	(2,682)	(14.0)		16,451
Information	15,564		(3,335)	(3,335)	(21.4)		12,229
United Nations reimbursement	8,122	408		408	5.0		8,530
Hospitality	882		(139)	(139)	(15.8)		743
Recovery	(3,200)	3,200		3,200	(100.0)	(27,600)	(27,600)
Total, General operating costs	164,722	3,608	(16,590)	(12,982)	(7.9)	(26,497)	125,243
3. Packing and assembly costs	11,074			0	0.0	0	11,074
Grand total, Costs	431,363	19,001	(17,118)	1,883	0.4	(1,883)	431,363